

**Testimony of Linda Chavez-Thompson  
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**before the**

**Subcommittee on the Western Hemisphere  
House International Relations Committee**

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**Hearing on U.S. Trade Agreements with Latin America**

Chairman Burton, Congressman Menendez, and members of the subcommittee, thank you for holding this important hearing and for inviting me to testify. Before I begin my remarks, I also want to thank you for listening to the voices of citizens throughout the region, especially Monsignor Álvaro Ramazzini. In the trade debate, we often hear too much about statistics and theories and not enough about the people impacted by these policies. I know we all seek to work with Bishop Ramazzini and others leaders in the region to alleviate poverty and create employment opportunities throughout the hemisphere, but we must do much more than that. It is our obligation to speak out against injustices wherever they occur. That is what brings me before the committee today—speaking out against the injustice of this CAFTA.

I come to you as someone who has traveled and worked extensively throughout Latin America. As the President of ORIT, the Inter-American Regional Organization of Workers, which is the Western Hemispheric arm of the International Confederation of Free Trade Unions, I have had the opportunity to listen to the concerns of workers and citizens in all the CAFTA countries. Workers, farmers, and faith leaders in Central

America and the Dominican Republic agree: we can and must build an international economy that respects and rewards workers' rights, job creation, a healthy environment, and decent wages in Central America as well as here in the United States. But the first step towards building such an economy must be the rejection of CAFTA.

Instead of improving things, CAFTA will further oppress workers, depress wages in Central America and cost jobs in the United States. CAFTA is utterly devoid of compassion and opportunity for those who need it the most—the 37 million Central Americans struggling in poverty and the millions of hard-working immigrants in this nation most vulnerable to exploitation and layoffs. Under CAFTA rules, multinational corporations will speed up their race to the bottom when it comes to wages and workplace protections. The deal will do nothing to pull people out of poverty in Central America, and it has the potential to plunge workers further into exploitation.

To sell CAFTA to a skeptical Congress, some make the desperate argument that CAFTA is the road to bring Central America out of poverty. We need only to examine NAFTA to dispel this myth. Real wages in Mexico have fallen, the number of poor people has grown, and the number of people migrating to the United States to seek work has doubled. Trade liberalization in agriculture displaced nearly a million rural small farmers, swamping the fewer jobs created in the export processing sectors. Many in Mexico who supported NAFTA 11 years ago have now turned into ardent opponents. CAFTA is likely to have similar impacts in Central America.

With NAFTA, proponents argued that with the American market already more open to Mexican products, our workers and producers would come out on top if all trade barriers were eliminated; the same argument is being used to sell CAFTA in this country. However, NAFTA offers evidence of how unbalanced trade deals fail workers in both rich and poor countries. NAFTA has cost U.S. workers close to 900,000 jobs and job opportunities. NAFTA was supposed to open markets for American goods and services, creating high-paying jobs at home and prosperity abroad. But the opposite has occurred. In 11 years under NAFTA, the U.S. trade deficit with Canada and Mexico ballooned to 12 times its pre-NAFTA size, reaching \$111 billion in 2004. Imports from our NAFTA partners grew more than \$100 billion faster than our exports to them, displacing workers in industries as diverse as aircraft, autos, apparel, and consumer electronics.

To prevent another NAFTA disaster for Latin America and the United States, this CAFTA must be shelved by the administration or defeated by Congress. The Bush administration and Central American governments have shown the will to make dramatic changes—at least when multinational corporate interests are at stake—but not in protecting workers in the United States and in the countries affected by CAFTA. Right now in Guatemala, the rights of people who need inexpensive medications are being traded away in favor of CAFTA's business interests. Pharmaceutical companies are so powerful that they have already forced Guatemala to stop allowing inexpensive drugs in stores. CAFTA imposes a five-to-ten year waiting period on generic drugs. The humanitarian organization, Doctors Without Borders, has said that these provisions in CAFTA could make newer medicines unaffordable.

At the same time, despite the overwhelming evidence that Central America's workers are routinely abused, CAFTA ignores this problem. CAFTA gives companies more freedom to violate workers' rights and requires only that countries enforce their own labor laws—laws that Human Rights Watch, the International Labor Organization and even our own State Department have documented as being of the lowest standards. Not one Central American country included in the CAFTA comes close to meeting a minimum threshold of respect for the ILO's core labor standards: freedom of association, the right to organize and bargain collectively, and freedom from child labor, forced labor, and discrimination. In Central America, employers pay young women poverty wages to labor for long hours in unsafe conditions. When these workers try to organize to try to win a voice at work, they face intimidation, threats, dismissal, and blacklisting.

CAFTA actually weakens the minimal workers' rights conditions we have in place today, under existing preference programs like the Generalized System of Preferences (GSP). Instead of insisting that Central American governments must respect internationally recognized workers' rights, the Bush administration has negotiated provisions requiring only the enforcement of domestic labor laws. There is nothing in the agreement that would prevent governments from gutting or even eliminating their labor laws after signing the agreement.

Put simply, CAFTA is a step back from the already paltry workers' rights protections contained in our current trade laws, leaving the interests of ordinary working men and women out in the cold.

CAFTA strengthens protections for multinational corporations, forcing changes in intellectual property protection regimes that threaten public health, giving corporations new rights to sue governments over regulations they deem too costly or inconvenient, and limiting the ability of future legislators to place conditions on government procurement. This hurts Central America's prospects for future development, just as it weakens state legislators and erodes wages and jobs here at home.

The lopsided tilt toward corporate interests helps to explain why CAFTA is so unpopular, both here in the U.S. and throughout Central America. A recent poll by Americans for Fair Trade found widespread opposition to CAFTA, with 74% of respondents saying they would oppose the pact if it caused job losses, even if it also reduced consumer prices. In Central America, tens of thousands of workers, farmers, small-business owners, and other activists have taken to the streets to voice their vehement opposition to the deal and to the lack of transparency in the negotiation process.

For the sake of Americans all over our hemisphere, we need to reject CAFTA. We must have a vision of trade that makes moral and economic sense for all workers.

We need urgent and aggressive policy solutions for poverty, inequality, and the relentless loss of good jobs.

That is why American and Central American unions have come together to oppose CAFTA and to lay out our alternative vision for a system designed to eliminate social and economic inequities. A fair system must provide for, among other things, workers' rights, clear anti-corruption policies, fair environmental and agricultural rules, and debt-relief. Increased trade with the region must also be accompanied by a just immigration policy, and commercial rules that safeguard the public interest, not just private profits.

Repeated and systematic violations of workers' rights retard the development of Central American countries and drag down standards for American workers who are thrown into a vicious race to the bottom with their fellow workers in the region. Workers in Central America have too often been excluded from the benefits of increased trade in the region as they continue to struggle to have their basic human rights respected in the workplace, and as they literally risk their lives to do so. A trusted and respected Teamster leader from the Port of New York/New Jersey, José Gilberto Soto, was brutally murdered—shot in the back three times—while visiting Usulután, El Salvador last November. He was there on behalf of the Teamsters to meet with Salvadoran trade union leaders and port drivers. There was no robbery and Soto was not involved with any illegal activity. The Teamsters and the AFL-CIO are deeply concerned that Mr. Soto's murder is related to his leadership position with the union and his intention to meet with

Salvadoran labor leaders and port drivers. To date, Salvadoran authorities have refused to consider the fact that he was murdered as a result of his work. A climate of impunity remains in Central America, an unwelcome reminder of an earlier era in the region.

In sum, CAFTA grants multinational companies that ship U.S. jobs overseas with the following rewards: greater access to the U.S. market, more freedom to violate workers' rights with impunity, and the ability to challenge government regulations enacted in the public interest. CAFTA's rules on investment, government procurement, intellectual property rights, and services create new rights for multinational corporations, but the agreement contains no effective new protections for workers' rights and actually removes existing protections, leaving the interests of ordinary working men and women out in the cold.

Members of the subcommittee, I will close with these thoughts. The U.S. economy continues to break records, but not in ways that help working people. The all-time high U.S. trade deficit is not an abstract issue; it shows up every day as working men and women see their plants close, are asked to train their own overseas replacements or are asked to swallow wage and benefit cutbacks that affect their families' lives in hundreds of ways. Entire communities suffer the consequences of failed trade agreements. We urge the Congress to reject CAFTA and begin work on just economic and social relationships with Central America and the Dominican Republic.